

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EB-07 COME-00 TRSE-00 STR-04
CIAE-00 DODE-00 INR-07 NSAE-00 PA-02 USIA-15 PRS-01
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E.O. 11652: N/A
TAGS: EQUIP, EFIN, BEXP, OECD, GATT, FR
SUBJECT: FRENCH GOVERNMENT TO FAVOR CII-HONEYWELL
BULL IN NEW COMPUTER PROCUREMENT

1. MINISTER OF INDUSTRY D'ORNANO ANNOUNCED JANUARY 19
DECISION OF FRENCH CABINET THAT ABOUT HALF OF 3,162
COMPUTERS TO BE REPLACED IN GOF AGENCIES AND
NATIONALIZED ENTERPRISES BETWEEN NOW AND 1980 WILL BE
OF "FRENCH MANUFACTURE." TOTAL COST OF THIS PROCURE-
MENT IS ESTIMATED AT NEARLY \$2 BILLION.
INTERMINISTERIAL TECHNICAL COMMITTEE ON DATA PROCESSING
WILL BE ESTABLISHED TO MANAGE REPLACEMENT PROGRAM AND
PRESUMABLY TO ALLOCATE ORDERS AMONG SUPPLIERS, BOTH
DOMESTIC AND FOREIGN.

2. ACCORDING TO PRESS REPORTS, MAIN REASON FOR
FAVORING CII/HB IN NEW PROCUREMENT IS TO HONOR GOF
COMMITMENT IN CONTRACT WITH HONEYWELL AT TIME OF
CII-HONEYWELL BULL MERGER TO EFFECT THAT MERGER WOULD
GET 4 BILLION FRANCS (JUST UNDER \$800 MILLION AT
PRESENT RATE) IN NEW GOVERNMENT ORDERS BEFORE 1980.
THUS WHILE ONE COULD SPECULATE ON PRECISE MEANING
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OF "FRENCH MANUFACTURE," CLEAR INTENT IS TO GIVE
ROUGHLY HALF OF BUSINESS TO CII/HB.

3. IN PRACTICE, ANNOUNCED POLICY SHOULD NOT
DRASTICALLY ALTER CURRENT GOF MARKET SHARES OF
VARIOUS SUPPLIERS. AS OF JANUARY 1, 1976, 40 PERCENT
OF COMPUTERS INSTALLED IN FRENCH GOVERNMENT MINISTRIES

WERE OF EITHER CII OR HONEYWELL BULL MANUFACTURE.
COMPARABLE FIGURE FOR GOVERNMENT-OWNED ENTERPRISES WAS
35 PERCENT. SINCE THESE FIGURES RELATE TO NUMBERS OF
UNITS RATHER THAN VALUE OR CAPACITY, HOWEVER, CII/HB
SHARE IN MONEY TERMS MAY HAVE BEEN SMALLER.

4. WE ARE CANVASSING US EDP COMPANIES FOR THEIR
COMMENTS ON THE IMPLICATIONS OF THIS ANNOUNCEMENT
AND WILL REPORT THESE SEPARATELY.
RUSH

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Message Attributes

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